



DEPARTMENT OF ENVIRONMENTAL QUALITY

KATHLEEN BABINEAUX BLANCO
GOVERNOR

MIKE D. MCDANIEL, Ph.D.
SECRETARY

Via U.S. Certified Mail
No. 7004 1160 0001 9954 4128

Mr. Joel H. McNatt
General Counsel
Gulfport Energy Corporation
14313 North May Avenue, Ste. 100
Oklahoma City, OK 73134

Re: Gulfport Energy Corporation
Enforcement No. AE-PP-04-0242
Agency Interest No. 32887

Dear Mr. McNatt:

Enclosed you will find a fully executed duplicate original of the Settlement in the above referenced matter. As you know, the agreement requires Gulfport Energy Corporation to remit a check in the amount of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00), ten days after receipt of this letter, to the following:

Louisiana Department of Environmental Quality
Office of Management & Finance
Attn: Darryl Serio
Post Office Box 4303
Baton Rouge, Louisiana 70821-4303

If you have any questions please feel free to contact me at the address below or by telephone at (225) 219-3985.

Sincerely,

Ted R. Broyles, II
Attorney - LDEQ

Ew

Enclosure

cc: Darryl Serio, Office of Management & Finance
Peggy Hatch, Enforcement Division
Cheryl Easley, Enforcement Division
EDMS ✓
David Simmons, Air Division Supervisor

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

GULFPORT ENERGY CORPORATION
AI # 32887

PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.

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* **Settlement Tracking No.**
* **SA-AE-05-0001**
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* **Enforcement Tracking No.**
* **AE-PP-04-0242**
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SETTLEMENT

The following Settlement is hereby agreed to between ("Respondent") Gulfport Energy Corporation and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a corporation who owns and/or operates an oil sales and oil storage facility located approximately five miles southeast of Cypremort Point and six miles south of Cote Blanche Island in Louisa, St. Mary Parish, Louisiana ("the Facility").

II

On August 11, 2004, the Department issued a Notice of Potential Penalty, Enforcement No. AE-PP-04-0242, to Respondent, which was based upon the following findings of fact:

On or about March 30, 2004, and June 4, 2004, file reviews of West Cote Blanche Bay Facility, owned and/or operated by Gulfport Energy Corporation (Respondent), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations. The facility currently operates under Title V Air Permit No. 2660-00123-V1 issued on June 13, 2001.

The following violations were noted during the course of the file reviews:

- A. According to information provided in the Respondent's 2001 annual compliance certification report dated March 28, 2002, the 2002 annual compliance certification report dated March 28, 2003, and the 2003 annual compliance certification report dated May 21, 2004, oil production exceeded the facility-wide annual throughput of the platform during the 2001, 2002, and 2003 calendar years. Each exceedance is a violation of General Condition I of Title V Air Permit Number 2660-00123-V1, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- B. According to information provided in the Respondent's 2001 annual compliance certification dated March 28, 2002, the 2002 annual compliance certification dated March 28, 2003, and the 2003 annual compliance certification report dated May 21, 2004, the permitted oil storage limits were exceeded during the 2001, 2002, and 2003 calendar years for the Oil Sales Tank and the Oil Storage Tank (Emission Points T-01 and T-02, respectively). Each exceedance is a violation of General Condition I of Title V Air Permit Number 2660-00123-V1, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- C. According to information provided in the 2001 annual compliance certification report dated March 28, 2002, the Respondent operated the Electric Generator Backup (Emission Point GE-02) for 1338 hours for the 2001 calendar year. This operation rate exceeds the permitted rate of 720 hours annually. This is a violation of General Condition I of Title V Air Permit Number 2660-00123-V1, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- D. According to information provided in the 2002 annual compliance certification report dated March 28, 2003, the semiannual monitoring report for the period encompassing January through June 2003 postmarked on October 1, 2003, the semiannual monitoring report for the period encompassing July through December 2003 dated May 21, 2004, and the 2003 annual compliance certification report dated May 21, 2004, the Respondent failed to record the condenser exhaust temperature for the Glycol Still Column Vent (Emission Point GV-01) during the 2002 calendar year and from January 1, 2003, through September 30, 2003. Failure to keep records of the final exhaust temperature and the time observed twice a week on different days during the daylight hours is a violation of LAC 33:III.2116.F.3.a, General Condition I of Title V Air Permit Number 2660-00123-V1, and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- E. According to information provided in the 2002 annual compliance certification report dated March 28, 2003, and the 2003 annual compliance

certification report dated May 21, 2004, the Respondent operated the Heater Treater (Emission Point HT-01) for 5000 hours during the 2002 and 2003 calendar years. Therefore, the operation of the Heater Treater during the 2002 and 2003 calendar years exceeded the permitted operating rate of 2912 hours per year. This is a violation of General Condition I of Title V Air Permit Number 2660-00123-V1, LAC 33:III.501.C.4, and Sections 2057(A)(2) and 2057(A)(1) of the Act.

- F. The Department received the Respondent's semiannual monitoring report for the period encompassing January through June 2003 postmarked on October 1, 2003, and the semiannual monitoring report for the period encompassing July through December 2003 postmarked on May 21, 2004, The Respondent failed to submit the semiannual monitoring reports to the Department no later than September 30, 2003, for the period encompassing January through June 2003 and no later than March 31, 2004, for the period encompassing July through December 2003. Each failure to timely submit the monitoring reports is a violation of Part 70 General Condition K of Title V Air Permit Number 266-00123-V1, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.
- G. The Department received the Respondent's 2003 annual compliance certification report postmarked on May 21, 2004. The Respondent failed to submit the annual compliance certification report to the Department no later than March 31, 2004, for the 2003 calendar year. This is a violation of Part 70 General Condition M of Title V Air Permit Number 2660-00123-V1, LAC 33:III.501.C.4, and Section 2057(A)(2) of the Act.

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00), of which One Hundred Sixty-Two and 78/100 Dollars (\$162.78) represents DEQ's enforcement costs, in settlement of the claims set forth

in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the inspection report(s), the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in St. Mary Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

GULFPORT ENERGY CORPORATION

BY: _____

(Signature)

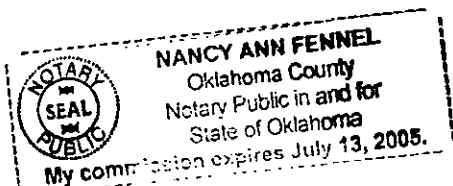
MIKE LIDDELL

(Printed or Typed)

TITLE: PRESIDENT

THIS DONE AND SIGNED in duplicate original before me this 14 day of

June, 20 05, at Oklahoma City, Ok.



Nancy Ann Fennel
Notary Public (ID # 01009162)

NANCY ANN Fennel
(Printed or Typed)

STATE OF LOUISIANA

Mike D. McDaniel, Ph.D., Secretary
Department of Environmental Quality

BY: _____

Harold Leggett
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THIS DONE AND SIGNED in duplicate original before me this 14 day of

September, 20 05, at Baton Rouge, Louisiana.

[Signature]
Notary Public (ID No. 26456)

[Signature]
(Printed or Typed)

Approved: _____

Harold Leggett
Harold Leggett, Ph.D., Assistant Secretary



SETTLEMENT PAYMENT FORM

Please attach this form to your settlement payment
and submit to:



Department of Environmental Quality
Office of Management and Finance
P. O. Box 4303
Baton Rouge, Louisiana 70821-4303
Attn: Darryl Serio, Fiscal Officer

Payment # _____

Respondent: Gulfport Energy Corporation

Settlement No. SA-AE-05-0001; **Enforcement Tracking No(s):** AE-PP-04-9242

Payment Amount: _____

AI Number: 32887

Alternate ID No(s): _____

TEMPO Activity Number: _____

**For Official Use Only.
Do Not write in this Section.**

Check Number:

Check Date:

Check Amount:

Received Date:

PIV Number:

PIV Date:

**Stamp "Paid" in the box to the right
and initial.**

Route Completed form to:

**Peggy Hatch, Administrator
Enforcement Division**

**And copy Chris Ratcliff, Legal
Division**



CHARLES C. FOTI, JR.
ATTORNEY GENERAL

State of Louisiana
DEPARTMENT OF JUSTICE
P.O. BOX 94005
BATON ROUGE
70804-9005

September 7, 2005

Mr. Herman Robinson, Executive Counsel
La. Department of Environmental Quality
Legal Affairs Division
P.O. Box 4302
Baton Rouge, LA 70821-4302

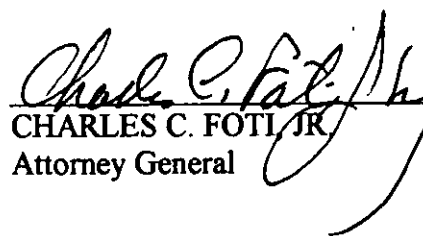
Re: AG Review of DEQ Settlement;
Gulfport Energy Corporation
LDEQ Enforcement Number: AE-PP-04-0242

Dear Mr. Robinson:

Pursuant to the authority granted to me by Art. IV, Sec. 8 of the state constitution and R.S. 30:2050.7(E)(2)(a), I approve the above referenced settlement.

Sincerely,

By:


CHARLES C. FOTI, JR.
Attorney General

CCF/mlc